

Poughkeepsie, NY – Standing outside the Social Security office today, U.S. Rep. John Hall (D-NY19) announced legislation he is pushing to help fixed income seniors cope with the rising prices of food, gasoline, prescription drugs, housing and health care costs. H.R. 2032, the Consumer Price Index for Elderly Consumers Act, would change the way the annual Cost of Living Adjustment (COLA) for seniors' Social Security benefits is calculated. The bill, which Hall is co-sponsoring, would establish a COLA specifically for the elderly. "You don't need to read the news to learn about it, all you need to do is try to balance your checkbook or run your daily errands to find out that it seems like everything costs more these days," said Congressman Hall. "We're not talking about luxury items, we're talking about things we need to survive and go about our business. No population is more vulnerable to these economy-wide price spikes than our senior citizens. To add insult to injury, most seniors have added expenses that eat even deeper into their bottom line. Seniors need more medical care than the general population."

This year the Social Security (COLA) is 2.3%, or about \$24 per month for the average retiree. For seniors that rely on Social Security as their only source of monthly income, this means getting by on \$12,948 for the whole year.

"This year's Social Security COLA is negligible compared to the skyrocketing prices of health care, prescription drugs, energy, and housing," said Hall.

Each year the Bureau of Labor Statistics (BLS) calculates the COLA based on studies of a number of goods and services consumed by average workers. Unfortunately, the BLS studies do not take into account the purchasing habits of senior citizens who often do not purchase items like laptop computers, ipods, and flat screen televisions. Instead, seniors spend large portions of their income on medical care and prescription drugs. Thus, there is currently no accurate indicator of seniors' real purchasing needs.

Over the last two decades the price of goods purchased by the general working public rose by 90% while it rose by 105% for seniors. Seniors' medical costs have risen by 238% over the last 20 years and prescription drug costs rose by 4.3 times the rate of inflation over the last three years.

"The Social Security system is not going to keep up with seniors' basic necessities unless it factors in their unique purchasing needs," said Hall. "The Consumer Price Index for Elderly Consumers will establish a COLA specifically for the elderly, which will take into account seniors' buying habits and ensure seniors receive a fair benefit adjustment that reflects their higher costs of living."

U.S. Rep. Maurice Hinchey (D-NY22) is also a co-sponsor of the legislation.

"All across New York, seniors are facing very challenging times as they struggle to keep up with soaring medical and prescription drug costs while receiving a grossly inadequate Social Security cost-of-living adjustment of about \$24 a month," Hinchey said. "The current situation is completely unacceptable, which is why the Bureau of Labor Statistics needs to go back to the drawing board to develop a new way of calculating COLAs that reflect the true rising costs of

living for our nation's seniors. Social Security is virtually useless if it can't cover life's most basic needs of food, housing, and medicine for our seniors. The system must be fixed." -30-